

**Section 8-3
of the Sedona City Code**

DEVELOPMENT IMPACT FEE SCHEDULE

**Amended by Ordinance #06-21, Resolution #06-44, by City Council on December 12, 2006
Effective April 1, 2007**

Section 8-3 DEVELOPMENT IMPACT FEES

Section

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§ 8-3-1 TITLE.

This article shall be known as the City of Sedona Development Impact Fee Ordinance and will be referred to in this article as “this article.”

§ 8-3-2 LEGISLATIVE INTENT AND PURPOSE.

This article is adopted for the purpose of promoting the health, safety and welfare of the residents of the City of Sedona by:

- A. Implementing the City of Sedona Community Plan;
- B. Implementing the city’s plans for public facilities by requiring new development to pay its fair and proportionate share of the costs to the city associated with providing necessary public services and public facilities to new development through the imposition of development fees and charges that will be used to finance, defray, or reimburse all or a portion of the costs incurred by the city for public facilities that serve such development;
- C. Setting forth standards and procedures for assessing Development Impact Fees (DIF) and administering the DIF program.

§ 8-3-3 **DEFINITIONS.**

For purposes of this article, the following definitions shall apply, except where the context clearly indicates a different meaning.

BUILDING PERMIT. The permit required for construction as determined pursuant to Article 2 of the Land Development Code.

CAPITAL IMPROVEMENT. Land or facilities for purposes constructing or improving public facilities; for transportation and transit, including without limitation, streets, street lighting and traffic-control devices and supporting improvements, roads, overpasses, bridges, and related facilities; storm drainage facilities; for parks and recreational improvements; for acquisition of open space; for public safety, including police and jail facilities; for public buildings of all kinds; and for any other capital project identified in the City's Capital Improvement Plan or Flexible Capital Budget. Capital improvement also includes the design, engineering, inspection, testing, planning, legal, land acquisition, and all other costs associated with construction of a public facility.

COLLECTION. The point at which the development impact fee is actually paid to the city.

DEVELOPMENT IMPACT FEE or ***DIF.*** A monetary exaction imposed by the city pursuant to this article as a condition of or in connection with approval of a new development project for the purpose of financing, defraying, or reimbursing all or a portion of the costs incurred by the city for public facilities.

DEVELOPMENT, DEVELOPMENT PROJECT OR NEW DEVELOPMENT. Any project or activity involving or requiring the issuance of a building permit, but not a project involving or requiring a building permit to operate or remodel, rehabilitate, reconstruct or improve an existing structure, which does not change the density or intensity of use, nor the rebuilding of a structure destroyed or damaged by an act of God, nor the replacement of one residential housing unit with another on the same pad if no dwelling unit is added.

DWELLING UNIT. The same meaning as set forth in Article 2 of the Land Development Code.

IMPOSE. To determine that a particular new development project is subject to collection of a DIF as a condition of development approval.

NONRESIDENTIAL NEW DEVELOPMENT PROJECT. All development other than residential development projects. For purposes of this article:

1. ***GENERAL COMMERCIAL.*** Those types of uses as permitted within the following zoning districts or designations: C-1, C-2, OP, NC, non-lodging PD or SU;
2. ***LODGING.*** Hotel, motel, bed and breakfast or similar lodging uses (except timeshare uses) as permitted within the following zoning districts or designations: L, RC, RM, OP lodging PD, or SU.
3. ***HEAVY COMMERCIAL/ LIGHT INDUSTRIAL.*** Those types of uses as permitted within the

following zoning district or designation: C-3.

MULTIFAMILY RESIDENTIAL DEVELOPMENT PROJECT. A residential development project in which a duplex dwelling, a group dwelling or a multiple dwelling is constructed, as those terms are defined in Article 2 of the Land Development Code. For the purposes of this ordinance only, timeshare uses are defined as “multi-family residential”.

PUBLIC FACILITIES. Necessary public services that are permanent additions to the city’s assets, that are primarily financed by long-term debt instruments and not from the city’s annual operating budget, and which include design, construction, or purchase of land, buildings and facilities.

RESIDENTIAL DEVELOPMENT PROJECT. Any development undertaken to create a new dwelling unit.

SINGLE-FAMILY DWELLING. The same meaning as set forth in Article 2 of the Land Development Code. For purposes of this article:

1. **VERY LOW DENSITY.** Means development of a single family dwelling in the following zoning districts or designations: RS-5A or equivalent density development within a PD, PRD, or SU zone.
2. **LOW DENSITY.** Development of a single-family dwelling in the following zoning districts or designations: RS-70, RS-36, or RS-35 or equivalent density development within a PD, PRD, or SU zone.
3. **MEDIUM DENSITY.** Development of a single-family dwelling in the following zoning districts or designations: RS-18A, RS-18B, RS-12, RMH-12, RMH-10, RS-10A, or RS-10B or equivalent density development within a PD, PRD, or SU zone.
4. **HIGH DENSITY.** Development of a single-family dwelling in the following zoning districts or designations: RS-6 or RMH-6 or equivalent density development within a PD, PRD or SU zone.

TOTAL LAND DEVELOPMENT. Means the total square footage of the parcel of land to be developed.

§ 8-3-4 APPLICABILITY.

This article shall apply to all development for which a development impact fee has been adopted pursuant to § 1604 and which have not received applicable development review approvals pursuant to the Land Development Code as of the adoption date of this article. This article shall apply to all fees and charges imposed by the city to finance different types of capital improvements and public facilities, the need for which is created by new development.

§ 8-3-5 NEEDS ASSESSMENT; NOTICE AND HEARING REQUIRED FOR ESTABLISHING OR INCREASING DEVELOPMENT IMPACT FEES; DIF REPORT.

- A. **Needs Assessment.** Before or in conjunction with the adoption of development impact fees, the city shall conduct a needs assessment for public facilities which are to be funded with the DIFs. The needs assessment shall:
1. Determine and distinguish between existing deficiencies and projected new development needs;
 2. Inventory existing public facilities;
 3. Identify the level of service standard applicable to each of the inventoried public facilities;
 4. Identify the level of service standards upon which the DIF is to be based.
- B. **Notice and Hearing Required for Establishing or Increasing Development Impact Fees.**
1. The city shall provide at least 60 days advance notice of intention prior to establishing or increasing any development impact fee and shall release to the public a written report including a needs assessment and all other documentation that supports the assessment of a new or increased DIF and the method by which the development impact fees are calculated (a “DIF Report”).
 2. The city shall conduct a public hearing on the proposed new or increased development impact fee at any time after the expiration of the 60-day notice of intention to assess a new or increased DIF and at least 14 days prior to the scheduled date of adoption of the new or increased DIF.
 3. A development impact fee assessed pursuant to this article shall not be effective until 90 days after its formal adoption by the City Council.
- C. **Adoption of DIF Report and Public Facilities Needs Assessment.** That certain Development Impact Fee Study for the City of Sedona, Arizona, dated April 12, 2006 and as amended on October 27, 2006, prepared by the TischlerBise (TB Study), 3 copies of which shall be made available through the City Clerk’s office, is hereby adopted and incorporated herein as a complete Needs Assessment and DIF Report as to the following public facilities: Police, Transportation, Storm Drainage, General Government, and Parks & Recreation. Adoption of the TB Study by the city shall constitute compliance with the procedural requirements of this article.
- D. **Amendment Procedures.** Periodically, the City Manager or his designee shall report to the City Council, prior to the City Council’s adoption of the budget and revisions for the next fiscal year, with:
1. Recommendations for amendments to this article;
 2. Proposals for changes to development impact fee rates and schedules.

§ 8-3-6 ADMINISTRATION OF DEVELOPMENT IMPACT FEE PROGRAM.

A. Imposition, Calculation and Collection of Development Impact Fees.

1. Except as provided in this article and any amendment to this article, the city shall impose development impact fees as a condition of approval of all new development projects.
2. The base amount of each public facility development impact fee for each type of development project shall be calculated periodically and adopted by ordinance through the amendment procedures set forth in this article.
3. Development impact fees shall be imposed prior to issuance of any building permit.
4. Development impact fees shall be collected by the City's Community Development Department at the time and as a condition of issuance of a building permit.

B. Development Impact Fee Accounts.

1. The city shall establish a development impact fee account for each type of capital improvement for which a DIF is imposed, and shall maintain the accounts in accordance with this section, or as provided by State law. The development impact fees collected shall be deposited in each such account according to the type of public facility improvement. The funds of the account shall not be commingled with other funds of the city. Any account previously established for the deposit of funds which would have been development impact fees under this article shall be deemed a development impact fee account for the purposes of this article and shall be merged into a new development impact fee account where appropriate.
2. Each development impact fee account shall be interest-bearing, and the accrued interest shall become part of the account.

C. Use of Development Impact Fees.

1. Development impact fees may be expended only for the type of capital improvements for which they were imposed, calculated, and collected, and only according to procedures established by this article or by State law.
2. Development impact fees may be used to repay the city if the city constructs the public facilities using other funding sources and may be used to pay the principal, interest, and other costs of bonds, notes, and/or other obligations issued or undertaken by or on behalf of the city to finance such public facilities capital improvements.
3. Where a private party constructs or dedicates public facilities for which a development impact fee has been adopted and which provides a direct benefit to properties owned by other private parties, the DIF may be used to repay the private party to the extent of the direct benefit to others.

4. Where a development impact fee is not used for the purpose for which it was imposed or collected, such DIF shall be refunded pursuant to this article. The refund shall be paid to the party who owns the property at the time the refund is made.

§ 8-3-7 DEVELOPMENT IMPACT FEE CREDITS.

A. Eligibility for Development Impact Fee Credits; Method of Calculating Credits.

1. A property owner who dedicates land or improvements or agrees to participate in (i) a development agreement in which funds for capital improvements are contributed to the city or in which public facilities are constructed and dedicated for and on behalf of the city, or (ii) community facilities district; or otherwise contributes funds for capital improvements or public facilities as defined in this article, may be eligible for a credit reimbursement for such dedication or contribution against the development impact fee payable or paid.
2. Any such credit against a DIF shall be in an amount equal to the value of the payer's contribution of funds or dedication of public facilities being funded by the development impact fee. The costs eligible for such credit include planning and design costs, actual construction costs, and the value of the land dedicated or granted by easement, subject to the determinations made by the City Engineer set forth in division (C) below. Credit amounts shall not include interest.
3. Except as provided in § 1607.04, any application for credit must be submitted on forms provided by the city before development project approval at the development review stage as provided by § 401 of the Land Development Code. Except as provided in § 1607.04, if an application for credit is not made within this time frame, no credits shall given to or on behalf of the development.
4. Except as provided in § 1607.04, upon receipt of an application for credit against a DIF, the City Engineer shall determine:
 - a. The value of the developer contribution to the city;
 - b. Whether the contribution or dedication meets capital improvement needs for which the particular development impact fee has been imposed;
 - c. Whether and to what extent the contribution or dedication provides a localized improvement benefiting the development;
 - d. Whether the contribution will substitute for a public facility or otherwise reduce the need for capital improvements anticipated to be provided with development impact fee funds;
 - e. The amount of the credit due the development;
 - f. The development impact fee category or categories to which the credit(s) shall apply. In no event, however, shall the credit exceed the amount of the applicable DIF;
 - g. The allocation of credit in dollar amounts per development parcel within the larger development.

5. To make those determinations as required under division (D) above, the City Engineer shall consider appraisals, bids, estimates, invoices, projected costs to the city, and any other information supplied by the party claiming the credit or available to the City Engineer.
6. Except as provided in § 1607.04 below, the City Engineer shall make those credit determinations as set forth in division (D) above not later than 60 days after receipt of an application for credit from a developer.

B. **Development Impact Credits for Construction of Public Improvements.** To obtain a credit for construction of public facilities improvements, the portion of the development impact fee represented by a credit shall be deemed paid when the construction is completed and approved by the city or when adequate assurance or security for the completion of the construction has been provided.

C. **Development Impact Fee Credits for Dedication of Property.** To obtain credit for dedication of real property to the city, the dedication shall occur not later than the time at which the development impact fee is required to be paid.

D. **Development Agreements.**

1. Where a developer and the city enter into a development agreement in which funds for capital improvements are contributed to the city or in which public facilities are constructed and dedicated for and on behalf of the city, such development agreement shall set forth among other things:
2. The total amount of the credit owed to a developer who constructs or dedicates such public facilities;
3. The legal descriptions of and allocation of credit in dollar amounts per development parcel within the larger development;
4. The development impact fee category or categories to which the credit(s) apply; and
5. The reason(s) for the credit.

E. **Recording of Credit Allocations; Time Limits on Applicability of DIF Credits.** Credits shall be recorded in such a manner as to allow the appropriate allocation of the credit to future applicants for building permits within the property. Credits shall be payable for a period of up to 20 years from the date the City Engineer issues his credit amount determination or from the date of a final decision of appeal pursuant to § 1607. After 20 years, no credits shall be available.

F. **Credits for Existing Development Subject to Development Impact Fees.**

1. Developments for which partial, phased or otherwise staged development review approval has been received prior to the adoption date of this article, or for which preliminary or final subdivision plat approval has been received prior to the date of this article, and which are subject to payment of development impact fees pursuant to this article, but for which a developer has contributed funds for capital improvements or public facilities as defined in this article, may be eligible for a credit reimbursement for

such dedication or contribution against the development impact fee payable.

2. Such credits must be applied for within 60 days of the effective date of this article and if an application for credit pursuant this paragraph is not made within that time frame, no credits shall given to or on behalf of the development. The procedures for determining credits under this paragraph shall be the same as those set out in this section above.

- G. **Development Impact Fee Credits Nontransferable.** Credits shall not be transferable or assignable from person to person, from parcel to parcel or from development to development.

§ 8-3-8 APPEALS AND REFUNDS.

A. **Application and Hearing; Procedures.**

1. Except as provided in § 1607.03, one who has paid a development impact fee may appeal for a refund of all or a portion of the DIF by filing an application for refund within 30 days after payment of such fee.
2. The application for appeal shall contain, at a minimum, the following:
 - a. An appeal cover sheet on a form provided by the City's Community Development Department;
 - b. A legal description and tax assessor's parcel number(s) of the applicable property;
 - c. A list by name and title, of all ownership interests in the property;
 - d. A letter authorization for an agent;
 - e. Date specific to the development sufficiently detailing the technical basis for the appeal;
 - f. A receipt or other evidence that the development impact fee being appealed has been paid;
 - g. An appeal fee of \$250 or such other amount as may be fixed from time to time by resolution of the City Council.
3. Incomplete appeals applications shall not be processed.
4. The Sedona City Council shall act as an appeals panel. A hearing shall be set not more than 45 days after receipt of a complete DIF appeal application. The appellant shall be given written notice of the date, time and location of the hearing as soon as practicable after submittal of the request, but in any event not less than 5 days before the hearing. The written notice shall be sent by U.S. mail, first class, postage prepaid. Factual and technical evidence may be submitted on the appellant's behalf at the hearing. The

Council may take whatever action with respect to the appeal as it deems appropriate.

5. An appellant may provide a written waiver of 1 or more of the procedural requirements contained in this section.

B. Permissible Grounds for Refund Appeals; Findings.

1. The owner of property for which a development impact fee has been paid may apply to the council for a refund as provided in § 1606.03(D), or to the extent that:
 - a. Funds from others sources to which the property owner contributes are used to fund the capital improvements being funded by the development impact fee, and the payer of the DIF did not receive credit for such contribution at the time the DIF was paid; or
 - b. A credit given pursuant to § 1607.01 B. was insufficient; or
 - c. The capital improvements to be funded with the DIF do not provide a benefit to the development; or
 - d. The benefit of the capital improvement to the development is less than was expected when the DIF was adopted.
2. The Council shall refund all or a portion of the DIF if it makes 1 or more of the foregoing findings. The appellant shall have the burden of proof. The decision of the City Council shall be final.

C. Refund for Time-Remote Benefit.

1. The owner of a property for which a development impact fee has been paid may apply to the city for a “time-remote benefit refund” of all or a portion of the DIF by filing an application for refund not less than 5 years after payment of the fee.
2. For purposes of a “time-remote benefit refund,” the city shall refund all or a portion of the DIF to the extent appropriate if the appellant shows, and if the Council finds, that the public facilities to be funded with the DIF have not been provided or constructed and will not be provided or constructed within a time frame that will benefit the development. The procedures for appeal under this section shall be the same as those set out in § 1608.01.
3. Any portion of the development impact fee that has not been spent within 10 years for improvements that provide a beneficial use to the development that paid the fee shall be refunded. The refund, including accrued interest, shall be paid to the party who owns the property at the time the refund is made.

A. Waiver

1. An applicant proposing a development for which development impact fees are due may be eligible for a partial or full exemption from the requirements of this Article only as specifically provided for in this section.
2. Partial or full waiver from the payment of development impact fees as required by this Article may be made only for the following types of uses:
 - a. Affordable housing. Development impact fees may be waived, in whole or in part, by Council resolution or approved development agreement for projects that meet the objectives and criteria of a city housing policy as adopted by the City Council.
 - b. Economic development. Development impact fees may be waived, in whole or in part, by Council resolution or approved development agreement for projects that meet the objectives and criteria of a city economic development policy as adopted by the City Council.
 - c. Redevelopment. Development impact fees may be waived, in whole or in part, by Council resolution or approved development agreement on residential or non-residential development as a part of redevelopment.
 - d. Historic Preservation. Development impact fees may be waived, in whole or in part, by Council resolution or approved development agreement for projects that meet the objectives and criteria of a city historic preservation policy as adopted by the City Council.
 - e. In support of specific Council policy. Development impact fees may be waived, in whole or in part, by Council resolution or approved development agreement for projects that meet specific criteria as documented in written policies, plans or other actions as approved by the Mayor and City Council.
 - f. Schools. No “Police” development impact fees will be assessed on any new school development that offers enrollment to the general public, including public, private, or charter school, where such school receives state funding.
 - g. City Government. No development impact fees shall be assessed against any new development owned or leased for public use by the City of Sedona.

- B. Review of Waiver.** The City Manager shall review the proposed new development and where applicable, shall make recommendation to the City Council as to whether the development qualifies for an exemption pursuant to the provisions identified above. Based on the recommendation of the City Manager and the criteria set forth above the City Council shall either grant, grant with conditions, or deny a proposed development impact fee waiver request.

- C. **Development Agreements.** Nothing herein shall be deemed to limit in any manner the City's authority to enter into development agreements pursuant to A.R.S. ' 9-500.05 with applicants for new development who may provide for dedication of land, payments in lieu of development impact fees, or actual infrastructure improvements. Such development agreements may allow offsets against development fees for contributions made or to be made in the future in cash, or dedication of land or by actual construction of all or part of a public facility by the affected property owner.

§ 8-3-10 CURRENT DEVELOPMENT IMPACT FEE SCHEDULE.

- A. The City will adjust the amount of each development fee to account for inflationary increases in the cost of providing public facilities, utilizing the most recent data from the Engineering News Record Construction Cost Index. The first adjustment will have an effective date of July 1, 2008, and reflect the inflationary increase from July 1, 2007. Rates will also be adjusted for inflation effective on July 1, 2009, and again on July 1, 2010. The rates will remain in effect as last increased beginning July 1, 2010, until a new study is completed, and any new rates or fee categories are adopted.
- B. The Community Development Director, through consultation with appropriate City staff and officials, will make the automatic annual adjustment unless otherwise directed by official action of the City Council.
- C. **Storm Drainage Development Fees (by Drainage Basins)**
Storm Drainage development fees are determined by location of project within four separate drainage basins: Dry Creek Wash, Coffeepot Wash, Soldier Wash and Oak Creek Wash as defined in Section 6.2 "Major Drainage Corridors" of the City of Sedona Stormwater Master Plan, Stormwater Facilities Master Plan.

	Dry Creek Wash	Coffeepot Wash	Soldier Wash	Oak Creek Wash
Residential (per unit)				
Single-Family				
Very Low Density	\$2,626	\$0	\$0	\$0
Low Density	\$2,101	\$1,229	\$297	\$369
Medium Density	\$1,313	\$768	\$186	\$230
High Density	\$657	\$384	\$0	\$115
Multi-family	\$492	\$288	\$70	\$86
All Other Types of Housing	\$0	\$323	\$0	\$97
Nonresidential (per square foot of total land development)				
Nonresidential Development	\$0.16	\$0.09	\$0.02	\$0.03

D. **Citywide Development Fees**

	Parks & Recreation	General Government	Police	Transportation	TOTAL
Residential (per unit)					
Single-Family Detached	\$6,249	\$246	\$291	\$1,804	\$8,589
Multi-Family	\$5,350	\$210	\$249	\$1,267	\$7,077
All Other Types of Housing	\$5,548	\$218	\$258	\$941	\$6,965
Nonresidential (per square foot of building/hotel room)					
Commercial 25,000 SF or less	N/A	\$0.38	\$0.66	\$9.15	\$10.20
Commercial 25,001 - 50,000 SF	N/A	\$0.33	\$0.62	\$8.49	\$9.43
Commercial 50,001 - 100,000 SF	N/A	\$0.29	\$0.54	\$7.43	\$8.25
Commercial 100,001 B 200,000 SF	NA	\$0.25	\$0.47	\$6.43	\$7.15
Commercial over 200,000 SF	N/A	\$0.23	\$0.40	\$5.52	\$6.15
Office/Inst 10,000 SF or less	N/A	\$0.50	\$0.31	\$4.27	\$5.09
Office/Inst 10,001 - 25,000 SF	N/A	\$0.46	\$0.25	\$3.46	\$4.17
Office/Inst 25,001 - 50,000 SF	N/A	\$0.43	\$0.21	\$2.95	\$3.60
Office/Inst 50,001 - 100,000 SF	N/A	\$0.41	\$0.18	\$2.52	\$3.11
Office/Inst over 100,000 SF	N/A	\$0.38	\$0.16	\$2.14	\$2.68
Business Park	N/A	\$0.36	\$0.17	\$2.41	\$2.94
Light Industrial	N/A	\$0.26	\$0.10	\$1.31	\$1.67
Warehousing	N/A	\$0.15	\$0.07	\$0.94	\$1.15
Manufacturing	N/A	\$0.21	\$0.05	\$0.72	\$0.98
Hotel (per room)	N/A	\$50	\$77	\$1,062	\$1,189